

May 13, 2009

House Committee on Commerce Testimony

Nathan Luis Medina, on behalf of State Rep. John Espinoza, District 83

Mr. Chairman, members of the committee. I thank you for giving me the opportunity today to sit before you in the place of your colleague and my boss, State Representative John Espinoza. Due to a conflicting committee schedule, he is unable to testify for himself.

As you are all aware, Renaissance Zones were originally instated in 1997 and the program has expanded significantly since that time. The intent of a Renaissance Zone is clear, particularly with the prefix of “Re-” meaning *anew*, and “naissance,” from the French meaning *birth*. A re-birth is specifically what a Border Crossing Renaissance Zone is intended to re-ignite growth for a depressed region, by granting virtually tax-free status to businesses or residents in them. In the case of the substitute for House Bill 47 23, the focus will be on luring businesses which would be attracted to a region with international potential and encouraging those businesses which have found themselves displaced and would have been unable to reopen or would have faced difficulty relocating without the proposed Renaissance Zone benefits. The hope is that, in the case of Port Huron, businesses displaced by the USDOT/Department of Homeland Security’s Blue Water Bridge Plaza expansion project will find the proposed tax breaks offered by the bill appealing enough to set up shop in a region that has one of the highest unemployment rates in the Lower Peninsula.

Initially, Renaissance Zones were designated simply by geographic area. Now, however, they may be designated by business type in order to entice specific industries. And this is precisely why the substitute for HB 47 23 will be amending the Michigan Renaissance Zone Act to include businesses associated with international trade, shipping, freight hauling, and hospitality industries, including,

but not limited to customs brokers, distribution centers, and truck supply and repair.

As for House Bill 47 25, it would amend the Neighborhood Enterprise Zone Act in order to expand eligibility to participate in the neighborhood enterprise zone program to a township adjoining a city with a population between 30,000 and 36,000 that contains an international border crossing. Basically, this bill would allow Port Huron Township to qualify as a Neighborhood Enterprise Zone. As you know, Neighborhood Enterprise Zones (or NEZs) offer reduced property taxes to residential property owners in zones designated by eligible local units of government, with the approval of the State Tax Commission. Therefore, a resident within an NEZ could have half their property tax liability waived on a qualified new construction project but not the land. Also, Rehab projects would have their property tax liability waived, excluding the land of course, subject to approval of the State Tax Commission. As you can imagine, the community and residents who live in the area surrounding the Blue Water Bridge will be negatively affected by the expansion of the plaza, due to the fact that many of these residents will be displaced. This bill, HB 47 25 provides incentives to those displaced to relocate within the community, thereby retaining residents whom we may have otherwise lost to surrounding communities.

By voting this set of bills out of committee, you will assuredly be giving a region caught in the midst of economic quagmire renewed hope. I thank you all for giving me the opportunity to testify on behalf of some truly excellent legislation.

I will be happy to attempt to answer any questions you may have to the best of my ability, and if I cannot, I will consult with Rep. Espinoza and our policy staff in order to provide you with an answer at a later time.